

California State University, Bakersfield Foundation

Financial Statements and Supplemental Information

Years Ended June 30, 2023 and 2022



CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Financial Statements and Supplemental Information

Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Audit Committee
California State University, Bakersfield Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of California State University, Bakersfield Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of California State University, Bakersfield Foundation as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of California State University, Bakersfield Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about California State University, Bakersfield Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Auditor's Responsibilities for the Audit of the Financial Statements, continued

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of California State University, Bakersfield Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about California State University, Bakersfield Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information shown on pages 28-35 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2023, on our consideration of California State University, Bakersfield Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of California State University, Bakersfield Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California State University, Bakersfield Foundation's internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 21, 2023

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION**Statements of Financial Position**

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 14,693,436	\$ 13,041,393
Current portion of promises to give, net of allowance for doubtful promises	2,795,062	3,151,468
Accounts receivable	3,171	162
Due from related parties	516,890	81,728
Other current assets	2,631	-
Total Current Assets	<u>18,011,190</u>	<u>16,274,751</u>
Non-Current Assets:		
Investments	35,960,422	33,767,551
Promises to give, net of discount and current portion	2,774,018	4,748,178
Property and equipment, net of accumulated depreciation	35,046	41,797
Collections	82,170	91,670
Life insurance policy	861	2,739
Total Non-Current Assets	<u>38,852,517</u>	<u>38,651,935</u>
Total Assets	<u>\$ 56,863,707</u>	<u>\$ 54,926,686</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 187,514	\$ 131,766
Deposits, events	7,184	-
Due to related parties	153,717	1,194,514
Revenue collected in advance	75,880	80,814
Current portion of accrued post-employment benefits other than pensions	68,080	58,696
Total Current Liabilities	<u>492,375</u>	<u>1,465,790</u>
Non-Current Liabilities:		
Accrued post-employment benefits other than pensions, net of current portion	<u>735,315</u>	<u>706,838</u>
Total Liabilities	<u>1,227,690</u>	<u>2,172,628</u>
Net Assets:		
Without donor restrictions:		
Operating	(1,690,330)	(2,574,027)
Board designated endowments	<u>4,327,923</u>	<u>4,076,274</u>
	<u>2,637,593</u>	<u>1,502,247</u>
With donor restrictions:		
Time restricted	-	5,060
Purpose restricted	20,164,093	20,226,286
Endowments - accumulated investment gains	4,896,926	4,044,700
Endowments - perpetual in nature	<u>27,937,405</u>	<u>26,975,765</u>
	<u>52,998,424</u>	<u>51,251,811</u>
Total Net Assets	<u>55,636,017</u>	<u>52,754,058</u>
Total Liabilities and Net Assets	<u>\$ 56,863,707</u>	<u>\$ 54,926,686</u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION**Statements of Activities**

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenue and Other Support:		
Contributions	\$ 4,364,116	\$ 10,717,055
Contributed nonfinancial assets (Note 11)	3,291,802	3,196,642
Investment income (loss)	2,524,916	(4,848,421)
Other	1,436,938	608,813
Transfers from related parties (Note 12)	<u>209,739</u>	<u>337,174</u>
Total Revenue and Other Support	11,827,511	10,011,263
Expenses:		
Program services:		
Alumni engagement	38,251	45,362
Athletics	3,201,068	1,652,812
Scholarships and academic support	2,362,097	7,384,565
Supporting services:		
General and administrative	1,793,289	1,577,506
Fundraising	<u>2,733,308</u>	<u>2,512,167</u>
Total Operating Expenses	<u>10,128,013</u>	<u>13,172,412</u>
Income (Loss) from Operations	1,699,498	(3,161,149)
Non-Operating Revenues (Expenses and Losses):		
Transfers from related parties (Note 12)	1,281,538	-
Change in post-employment benefits other than pensions	(99,077)	(7,973)
Change in donors' agreements (Note 14)	<u>-</u>	<u>(206,127)</u>
Total Non-Operating Revenues (Expenses and Losses)	<u>1,182,461</u>	<u>(214,100)</u>
Change in Net Assets	2,881,959	(3,375,249)
Net Assets, beginning	<u>52,754,058</u>	<u>56,129,307</u>
Net Assets, ending	<u>\$ 55,636,017</u>	<u>\$ 52,754,058</u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION**Statement of Activities**

Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Other Support:			
Contributions	\$ 54,897	\$ 4,309,219	\$ 4,364,116
Contributed nonfinancial assets (Note 11)	3,172,584	119,218	3,291,802
Investment income	395,353	2,129,563	2,524,916
Other	817,199	619,739	1,436,938
Transfers from related parties (Note 12)	-	209,739	209,739
Net assets released from restriction	<u>5,783,194</u>	<u>(5,783,194)</u>	<u>-</u>
 Total Revenue and Other Support	 10,223,227	 1,604,284	 11,827,511
Expenses:			
Program services:			
Alumni engagement	38,251	-	38,251
Athletics	3,201,068	-	3,201,068
Scholarships and academic support	2,362,097	-	2,362,097
Supporting services:			
General and administrative	1,793,289	-	1,793,289
Fundraising	<u>2,733,308</u>	<u>-</u>	<u>2,733,308</u>
 Total Operating Expenses	 <u>10,128,013</u>	 <u>-</u>	 <u>10,128,013</u>
 Income from Operations	 95,214	 1,604,284	 1,699,498
Non-Operating Revenues (Expenses):			
Transfers from related parties (Note 12)	1,139,209	142,329	1,281,538
Change in post-employment benefits other than pensions	<u>(99,077)</u>	<u>-</u>	<u>(99,077)</u>
 Total Non-Operating Revenues	 <u>1,040,132</u>	 <u>142,329</u>	 <u>1,182,461</u>
 Change in Net Assets	 1,135,346	 1,746,613	 2,881,959
Net Assets, beginning	<u>1,502,247</u>	<u>51,251,811</u>	<u>52,754,058</u>
Net Assets, ending	<u>\$ 2,637,593</u>	<u>\$ 52,998,424</u>	<u>\$ 55,636,017</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION**Statement of Activities**

Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Other Support:			
Contributions	\$ 42,202	\$ 10,674,853	\$ 10,717,055
Contributed nonfinancial assets (Note 11)	3,055,011	141,631	3,196,642
Other	395,451	213,362	608,813
Transfers from related parties (Note 12)	-	337,174	337,174
Investment loss	(719,877)	(4,128,544)	(4,848,421)
Net assets released from restriction	<u>8,766,665</u>	<u>(8,766,665)</u>	<u>-</u>
Total Revenue and Other Support	11,539,452	(1,528,189)	10,011,263
Expenses:			
Program services:			
Alumni engagement	45,362	-	45,362
Athletics	1,652,812	-	1,652,812
Scholarships and academic support	7,384,565	-	7,384,565
Supporting services:			
General and administrative	1,577,506	-	1,577,506
Fundraising	<u>2,512,167</u>	<u>-</u>	<u>2,512,167</u>
Total Operating Expenses	<u>13,172,412</u>	<u>-</u>	<u>13,172,412</u>
Loss from Operations	(1,632,960)	(1,528,189)	(3,161,149)
Non-Operating Expenses and Losses:			
Change in post-employment benefits other than pensions	(7,973)	-	(7,973)
Change in donors' agreements (Note 14)	<u>-</u>	<u>(206,127)</u>	<u>(206,127)</u>
Total Non-Operating Expenses and Losses	<u>(7,973)</u>	<u>(206,127)</u>	<u>(214,100)</u>
Change in Net Assets	(1,640,933)	(1,734,316)	(3,375,249)
Net Assets, beginning	<u>3,143,180</u>	<u>52,986,127</u>	<u>56,129,307</u>
Net Assets, ending	<u>\$ 1,502,247</u>	<u>\$ 51,251,811</u>	<u>\$ 52,754,058</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services				Supporting Services			Total
	Alumni Engagement	Athletics	Scholarships and Academic Support	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Operating Expenses:								
University contract expenses (Note 11)	\$ -	\$ -	\$ -	\$ -	\$ 1,119,871	\$ 2,052,713	\$ 3,172,584	\$ 3,172,584
Transfers to related parties (Note 12)	-	1,446,243	475,919	1,922,162	100,600	-	100,600	2,022,762
Scholarships	-	552,762	789,898	1,342,660	-	-	-	1,342,660
Salaries and wages	900	407,032	327,537	735,469	-	4,596	4,596	740,065
Travel	1,574	392,599	87,999	482,172	3,681	30,835	34,516	516,688
Supplies and services	2,549	61,610	323,772	387,931	34,176	34,709	68,885	456,816
Employee benefits	-	115,498	17,773	133,271	239,047	22,309	261,356	394,627
Office expense	18,976	32,968	92,727	144,671	41,486	96,241	137,727	282,398
Events	-	-	322	322	-	275,758	275,758	276,080
Information technology	3,392	30,000	22,078	55,470	21,680	143,673	165,353	220,823
Dues and subscriptions	-	2,540	88,688	91,228	18,625	13,752	32,377	123,605
Contributed nonfinancial asset expenses	-	54,069	42,087	96,156	-	-	-	96,156
Conference, conventions, and meetings	100	16,429	18,295	34,824	20,118	30,570	50,688	85,512
Miscellaneous	-	61,459	17,208	78,667	-	3,223	3,223	81,890
Bad debt	-	-	-	-	70,436	-	70,436	70,436
Minor equipment	-	20,059	33,824	53,883	15,215	-	15,215	69,098
Accounting	-	-	-	-	52,400	-	52,400	52,400
Advertising and promotion	969	-	5,445	6,414	11,391	16,276	27,667	34,081
Occupancy	7,177	-	17,080	24,257	7,558	952	8,510	32,767
Insurance	2,614	3,737	1,445	7,796	9,812	1,013	10,825	18,621
Legal	-	-	-	-	16,479	-	16,479	16,479
Other professional fees	-	1,013	-	1,013	7,013	6,688	13,701	14,714
Depreciation	-	3,050	-	3,050	3,701	-	3,701	6,751
Total operating expenses	38,251	3,201,068	2,362,097	5,601,416	1,793,289	2,733,308	4,526,597	10,128,013
Non-Operating Expenses:								
Change in post-employment benefits other than pensions	-	-	-	-	99,077	-	99,077	99,077
Total expenses	\$ 38,251	\$ 3,201,068	\$ 2,362,097	\$ 5,601,416	\$ 1,892,366	\$ 2,733,308	\$ 4,625,674	\$ 10,227,090

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services				Supporting Services			Total
	Alumni Engagement	Athletics	Scholarships and Academic Support	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Operating Expenses:								
Transfers to related parties (Note 12)	\$ 500	\$ 112,388	\$ 5,806,291	\$ 5,919,179	\$ -	\$ -	\$ -	\$ 5,919,179
University contract expenses (Note 11)	-	-	-	-	1,004,069	2,050,942	3,055,011	3,055,011
Scholarships	24,168	834,180	746,473	1,604,821	-	-	-	1,604,821
Salaries and wages	450	265,268	251,396	517,114	-	-	-	517,114
Employee benefits	-	101,213	14,903	116,116	217,265	22,554	239,819	355,935
Supplies and services	2,810	26,268	192,261	221,339	44,760	29,790	74,550	295,889
Office expense	6,812	53,239	54,442	114,493	45,174	95,603	140,777	255,270
Travel	1,057	80,917	39,227	121,201	4,981	17,668	22,649	143,850
Contributed nonfinancial asset expenses	200	66,682	74,749	141,631	-	-	-	141,631
Dues and subscriptions	2,913	150	90,048	93,111	17,750	25,040	42,790	135,901
Other professional fees	6,139	11,800	58,366	76,305	5,036	49,006	54,042	130,347
Advertising and promotion	151	700	1,821	2,672	67,786	57,849	125,635	128,307
Miscellaneous	-	78,890	21,293	100,183	-	2,492	2,492	102,675
Information technology	-	-	19,653	19,653	9,444	65,247	74,691	94,344
Conference, conventions, and meetings	-	-	5,042	5,042	7,907	40,640	48,547	53,589
Events	-	-	2,224	2,224	-	48,210	48,210	50,434
Bad debt	-	-	-	-	44,329	-	44,329	44,329
Accounting	-	-	-	-	39,940	-	39,940	39,940
Depreciation	-	3,050	-	3,050	30,317	-	30,317	33,367
Payroll taxes	-	16,801	-	16,801	-	1,799	1,799	18,600
Occupancy	162	-	6,183	6,345	5,037	3,803	8,840	15,185
Minor equipment	-	1,266	-	1,266	12,995	200	13,195	14,461
Insurance	-	-	193	193	10,551	1,324	11,875	12,068
Legal	-	-	-	-	10,165	-	10,165	10,165
Total operating expenses	45,362	1,652,812	7,384,565	9,082,739	1,577,506	2,512,167	4,089,673	13,172,412
Non-Operating Expenses:								
Change in post-employment benefits other than pensions	-	-	-	-	7,973	-	7,973	7,973
Total expenses	\$ 45,362	\$ 1,652,812	\$ 7,384,565	\$ 9,082,739	\$ 1,585,479	\$ 2,512,167	\$ 4,097,646	\$ 13,180,385

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION**Statements of Cash Flows**

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 2,881,959	\$ (3,375,249)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,751	33,367
Transfer of property and equipment to the University	-	641,222
(Gain) loss on investments	(2,677,349)	4,665,258
Endowment contributions	1,056,492	2,972,918
Changes in operating assets and liabilities:		
Promises to give	2,330,566	(2,767,221)
Accounts receivable	(438,171)	(79,204)
Other current assets	(2,631)	-
Collections	9,500	-
Life insurance policy	1,878	684,512
Accounts payable and accrued expenses	55,748	14,514
Other current liabilities	(1,038,547)	(1,850,535)
Accrued post-employment benefits other than pensions	37,861	(49,682)
Net Cash Provided by Operating Activities	<u>2,224,057</u>	<u>889,900</u>
Cash Flows from Investing Activities:		
Purchases of investments	(20,096,827)	(29,376,129)
Proceeds from sale of investments	<u>20,581,305</u>	<u>35,724,353</u>
Net Cash Provided by Investing Activities	484,478	6,348,224
Cash Flows Used by Financing Activities:		
Endowment contributions	<u>(1,056,492)</u>	<u>(2,972,918)</u>
Net Increase in Cash and Cash Equivalents	1,652,043	4,265,206
Cash and Cash Equivalents, beginning	<u>13,041,393</u>	<u>8,776,187</u>
Cash and Cash Equivalents, ending	<u>\$ 14,693,436</u>	<u>\$ 13,041,393</u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

The California State University, Bakersfield Foundation (the Foundation), was incorporated in the State of California in 1969. The Foundation was formed and operates as a nonprofit auxiliary organization of California State University, Bakersfield (CSU Bakersfield or the University), which is located in Bakersfield, California. The Foundation supports the University by advocating on behalf of the University, fundraising for University programs and activities, and managing the finances of the Foundation and the University endowment.

Financial Statement Presentation

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which requires the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation’s management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Reclassifications

Certain items in the 2022 financial statements have been reclassified to conform to current year classifications, specifically, combining accounts payable and accrued expenses in the statements of financial position and separating transfers from related parties from other revenue in the statements of activities. In addition, investment categories in Note 4 were reclassified to conform to current year classifications. Such reclassifications had no effect on previously reported changes in net assets.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Foundation is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, the Foundation remains subject to taxes on any net income which is derived from a trade or business, regularly carried on, and unrelated to its exempt purpose. The Foundation is not a private foundation.

The Foundation follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Foundation recognizes accrued interest and penalties associated with uncertain tax positions as part of the statements of activities, when applicable. Management has determined that the Foundation has no uncertain tax positions at June 30, 2023 and 2022, and therefore, no amounts have been accrued.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Promises to Give

Promises that are expected to be collected within one year are recorded at their net realizable value. Promises that are expected to be collected in future years are discounted to their estimated net present value. After promises are originally recorded, an allowance for uncollectible promises may be established based on specific circumstances.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year-end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectable amounts. No allowance was considered necessary as of June 30, 2023 and 2022 as management believes all amounts are collectable.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. The fair value is determined using quoted market prices. Alternative investments, for which quoted market prices are not readily available, are valued at fair value by the investment manager based on factors deemed relevant by the manager including, but not limited to, market conditions, purchase price, estimated liquidation value, restrictions on transfer and meaningful third party transactions in the private market. Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material. Purchases and sales of securities are recorded on the basis at which traded on that date. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the change in net assets in the statements of activities.

Property and Equipment

The Foundation capitalizes all expenditures for property and equipment in excess of \$5,000. Equipment and improvements are recorded at cost or at estimated fair value at date of gift, if donated. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset of three to 30 years.

Collections

The Foundation capitalizes its collections at cost, if purchased, and at appraised or fair value at the date of accession, if donated. There were no acquisitions for the years ended June 30, 2023 and 2022. Capitalized collections are not depreciated. The University Policy on the Collection and Installation of Art requires funds realized from deaccession sales be used to benefit the University art collection. In the event that the Foundation disposed of collection items, proceeds could be used for the acquisition of new collection items or direct care of existing collections. Direct care of existing collections includes, but is not limited to, costs that enhance the life, usefulness, or quality of the collection.

Life Insurance Policies

From time to time, the Foundation receives life insurance policies as gifts. These policies are irrevocable and the Foundation is the sole beneficiary. These policies are valued at their cash surrender value discounted for life expectancy.

Revenue Recognition

Contributions – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Contributed Nonfinancial Assets – Contributions of services and tangible assets are recognized at fair market value when received. Contributed nonfinancial assets are recognized as net assets without donor restrictions unless donor stipulation requires them to be recognized as net assets with donor restrictions.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Revenue Recognition, continued

Other Revenue – Other revenue is primarily composed of sponsorships, athletics game guarantees, ticket sales, and administrative fees. Sponsorships, athletic game guarantees, and ticket sales are recognized at a point in time when performance obligations are satisfied. Administrative fees are recognized when payments on contributions are received.

Advertising

The Foundation follows the policy of charging the costs of advertising to expenses as incurred.

Functional Allocation of Expenses

The Foundation's accounting system is established to record expenses by fund, department and natural expense. Expense function is determined by either fund alone or by a combination of fund and department. One fund is used to accumulate expenses considered to be either general and administrative or fundraising in nature. Within that fund, the department determines whether the expense is general and administrative or fundraising in nature. The remaining funds accumulate expenses considered to be programmatic in nature. Certain costs initially captured within the program funds, such as investment brokerage fees and professional fundraising fees, are presented as general and administrative and fundraising costs instead of program costs.

Fair Value Measurements

The Foundation defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Foundation applies fair value measurements to assets and liabilities that are required to be recorded at fair value under U.S. GAAP. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs, and are categorized in a fair value hierarchy based on the transparency of inputs.

The three levels are defined as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Certain financial instruments may be valued using net asset value (NAV) per share. NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, divided by the number of shares outstanding or percentage ownership.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Corporate bonds and government securities – Valued using pricing models maximizing the use of observable inputs for similar securities.

Mutual funds, common stock, and exchange traded funds – Valued at the closing price reported on the active market on which the individual securities are traded.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Fair Value Measurements, continued

Hedge funds – Valued at the partner’s reported capital account balance, which approximates fair value.

Private equity and private real estate – Valued at net asset value per share.

Subsequent Events

The Foundation has evaluated subsequent events through September 21, 2023, which is the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

The following reflects the Foundation’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual obligations within one year of the statement of financial position date.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 14,693,436	\$ 13,041,393
Promises to give, net	5,569,080	7,899,646
Accounts receivable	3,171	162
Due from related parties	516,890	81,728
Other current assets	2,631	-
Investments	35,960,422	33,767,551
Anticipated distributions from endowments	<u>1,334,615</u>	<u>1,207,060</u>
Total financial assets	58,080,245	55,997,540
Less amounts not available to be used within one year:		
Restricted by donor with time or purpose restrictions	(52,998,424)	(51,251,811)
Board designations: quasi-endowment fund, primarily for long-term investing	<u>(4,327,923)</u>	<u>(4,076,274)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 753,898</u>	<u>\$ 669,455</u>

The Foundation is substantially supported by donor-restricted contributions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Foundation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation invests cash in excess of daily requirements in money market funds. At June 30, 2023, the Foundation had a quasi-endowment of \$4,327,923, of which \$2,114,800 was designated for general operations. At June 30, 2022, the Foundation had a quasi-endowment of \$4,076,274, of which \$2,062,614 was designated for general operations. Although the Foundation does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual appropriation process, amounts from its quasi-endowment could be made available, if necessary, by an action voted on by the board of directors.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 3 - Concentrations of Credit Risk

The Foundation maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor. The balances at times may exceed FDIC limits. The Foundation manages this risk by using high-quality financial institutions.

The Foundation invests in various types of money market funds, corporate bonds, and mutual funds. The Foundation has established guidelines relative to diversification and maturities that target certain safety and liquidity risk levels. These guidelines are periodically reviewed and modified.

The Foundation also invests in various investment securities. Investment securities, in general, are subject to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that the changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

Three donors comprised 41% and two donors comprised 31% of promises to give at June 30, 2023 and 2022, respectively. Three donors comprised 60% and two donors comprised 35% of contributions for the years ended June 30, 2023 and 2022, respectively.

Note 4 - Investments and Fair Value Measurement

Investments consist of the following as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
Common stock	\$ 10,583,953	\$ -	\$ -	\$ -	\$ 10,583,953
Corporate bonds	-	384,280	-	-	384,280
Government securities:					
U.S. Treasury securities	174,796	-	-	-	174,796
U.S. Agency securities	-	448,984	-	-	448,984
Mutual funds:					
Nontraditional	534,734	-	-	-	534,734
Emerging markets	826,806	-	-	-	826,806
Fixed income	3,839,085	-	-	-	3,839,085
Exchange traded funds	13,042,122	-	-	-	13,042,122
Alternative investments:					
Hedge funds	-	-	-	3,322,510	3,322,510
Private equity	-	-	-	1,604,632	1,604,632
Private real estate	-	-	-	1,198,520	1,198,520
	<u>\$ 29,001,496</u>	<u>\$ 833,264</u>	<u>\$ -</u>	<u>\$ 6,125,662</u>	<u>\$ 35,960,422</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 4 - Investments and Fair Value Measurement, continued

Commitments and redemptions schedule for those investments valued based on NAV as of June 30, 2023:

	Fair Value June 30, 2023	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Ironwood Inst MS Hedge Fund [a]	\$ 723,721	\$ none	semi-annually	95 calendar days
Hamilton Lane PMOF I [b]	1,275,955	288,312	none	none
Blackstone BREIT [c]	844,648	none	monthly	T-3 business days
Coatue Offshore Fund, Ltd. [d]	488,694	none	quarterly	45 calendar days
Brevan Howard Fund Limited [e]	481,122	none	monthly	90 days
Starboard Value and Opportunity Fund [f]	508,334	none	quarterly	90 days
Schonfeld Fundamental Equity Fund [g]	663,893	none	quarterly	45 days
SEG Partners Offshore, Ltd. [h]	456,746	none	quarterly	60 days
HarbourVest Co-Investment VI LP [i]	322,477	325,000	none	none
Bridge Workforce & Affordable Housing [j]	353,872	237,929	none	none
PE Premier Lexington CP X Offshore [k]	6,200	613,800	none	none

[a] Ironwood Inst MS Hedge Fund is a fund of hedge funds which are relative value and event driven, equity market neutral, distressed securities and credit opportunities.

[b] Hamilton Lane PMOF I is a diversified private equity fund of funds. Liquidity occurs as underlying private equity investments are sold.

[c] Blackstone BREIT is a 1933 Act non-traded perpetual life real estate investment trust (REIT). The fund focuses on investing in stabilized, income-generating commercial real estate in the U.S. and is diversified across property types.

[d] Coatue Offshore Fund, Ltd. is a long/short hedge fund, focused on the technology, media and telecommunications sectors.

[e] Brevan Howard Fund Limited is a multi-trader, discretionary global macro/relative value absolute return fund. The fund invests its capital across various underlying individual Brevan Howard funds, and also makes capital allocations directly to individual traders or strategies.

[f] Starboard Value and Opportunity Fund Ltd. is an event-driven hedge fund that seeks to invest in undervalued companies and actively engage with management teams and boards of directors to identify and execute on opportunities to unlock value.

[g] Schonfeld Fundamental Equity Fund is a multi-manager platform equity market neutral hedge fund that invests with the majority of Schonfeld Strategic Advisors LLC's fundamental discretionary PMs and a subset of its tactical strategy managers.

[h] SEG Partners Offshore, Ltd. is a U.S.-focused long/short equity hedge fund that utilizes a bottom-up research approach to invest in companies across sectors and market capitalizations.

[i] HarbourVest Co-Investment VI LP is a global private equity fund of direct co-investments primarily in the buyout and growth equity spaces.

[j] Bridge Workforce & Affordable Housing Fund II LP is a value-add private real estate fund that focuses on the multi-family sector. Their investments seek to preserve, rehabilitate and develop workforce and affordable housing assets in high-growth U.S. markets.

[k] PE Premier Lexington CP X Offshore LP will seek to construct a globally diversified portfolio of secondary interest in established private investment funds across buyout, growth, and venture capital strategies at attractive discounts to market value while preserving capital and generating early and frequent cash distributions.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 4 - Investments and Fair Value Measurement, continued

Investments consist of the following as of June 30, 2022:

	Level 1	Level 2	Level 3	NAV	Total
Common stock	\$ 9,055,172	\$ -	\$ -	\$ -	\$ 9,055,172
Corporate bonds	-	489,226	-	-	489,226
Government securities:					
U.S. Treasury securities	393,702	-	-	-	393,702
U.S. Agency securities	-	501,566	-	-	501,566
Mutual funds:					
Nontraditional	716,245	-	-	-	716,245
Emerging markets	403,005	-	-	-	403,005
Fixed income	3,404,424	-	-	-	3,404,424
Exchange traded funds	12,894,957	-	-	-	12,894,957
Alternative investments:					
Hedge funds	-	-	-	3,281,325	3,281,325
Private equity	-	-	-	1,413,830	1,413,830
Private real estate	-	-	-	1,214,099	1,214,099
	<u>\$ 26,867,505</u>	<u>\$ 990,792</u>	<u>\$ -</u>	<u>\$ 5,909,254</u>	<u>\$ 33,767,551</u>

Commitments and redemptions schedule for those investments valued based on NAV as of June 30, 2022:

	June 30, 2022	Commitment	Frequency	Notice Period
Ironwood Inst MS Hedge Fund [a]	\$ 1,056,103	\$ none	semi-annually	95 calendar days
Hamilton Lane PMOF I [b]	1,381,330	412,926	none	none
Blackstone BREIT [c]	828,628	none	monthly	T-3 business days
Coatue Offshore Fund, Ltd. [d]	441,661	none	quarterly	45 calendar days
Cooper Square Offshore Fund, Ltd. [e]	447,719	none	quarterly	60 days
Starboard Value and Opportunity Fund [f]	506,087	none	quarterly	90 days
Schonfeld Fundamental Equity Fund [g]	361,760	none	quarterly	45 days
SEG Partners Offshore, Ltd. [h]	467,995	none	quarterly	60 days
HarbourVest Co-Investment VI LP [i]	32,500	617,500	none	none
Bridge Workforce & Affordable Housing [j]	385,471	267,040	none	none

[a] Ironwood Inst MS Hedge Fund is a fund of hedge funds which are relative value and event driven, equity market neutral, distressed securities and credit opportunities.

[b] Hamilton Lane PMOF I is a diversified private equity fund of funds. Liquidity occurs as underlying private equity investments are sold.

[c] Blackstone BREIT is a 1933 Act non-traded perpetual life real estate investment trust (REIT). The fund focuses on investing in stabilized, income-generating commercial real estate in the U.S. and is diversified across property types.

[d] Coatue Offshore Fund, Ltd. is a long/short hedge fund, focused on the technology, media and telecommunications sectors.

[e] Cooper Square Offshore Fund, Ltd. is an international equity focused long/short hedge fund that utilizes a bottom-up research approach to invest in companies across sectors and market capitalizations.

[f] Starboard Value and Opportunity Fund Ltd. is an event-driven hedge fund that seeks to invest in undervalued companies and actively engage with management teams and boards of directors to identify and execute on opportunities to unlock value.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 4 - Investments and Fair Value Measurement, continued

[g] Schonfeld Fundamental Equity Fund is a multi-manager platform equity market neutral hedge fund that invests with the majority of Schonfeld Strategic Advisors LLC's fundamental discretionary PIMs and a subset of its tactical strategy managers.

[h] SEG Partners Offshore, Ltd. is a U.S.-focused long/short equity hedge fund that utilizes a bottom-up research approach to invest in companies across sectors and market capitalizations.

[i] HarbourVest Co-Investment VI LP is a global private equity fund of direct co-investments primarily in the buyout and growth equity spaces.

[j] Bridge Workforce & Affordable Housing Fund II LP is a value-add private real estate fund that focuses on the multi-family sector. Their investments seek to preserve, rehabilitate and develop workforce and affordable housing assets in high-growth U.S. markets.

Note 5 - Promises to Give

Promises to give consist of the following:

	<u>2023</u>	<u>2022</u>
Due in less than one year	\$ 2,817,062	\$ 3,372,361
Due in one to five years	2,348,926	4,456,035
Due in more than five years	<u>672,000</u>	<u>674,000</u>
Gross promises to give	5,837,988	8,502,396
Less:		
Allowance for doubtful promises to give	(22,000)	(220,893)
Discount on promises to give (average imputed rate of 3%)	<u>(246,908)</u>	<u>(381,857)</u>
Promises to give, net	<u>\$ 5,569,080</u>	<u>\$ 7,899,646</u>

Promises to give consist of the following on the statements of financial position:

	<u>2023</u>	<u>2022</u>
Current	\$ 2,795,062	\$ 3,151,468
Non-current	<u>2,774,018</u>	<u>4,748,178</u>
	<u>\$ 5,569,080</u>	<u>\$ 7,899,646</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 6 - Property and Equipment

Property and equipment consist of the following:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 1,571,775	\$ 1,571,775
Leasehold improvements	232,323	232,323
Improvements, other than buildings	72,963	72,963
Buildings and building improvements	<u>12,127</u>	<u>12,127</u>
	1,889,188	1,889,188
Less accumulated depreciation	<u>(1,857,281)</u>	<u>(1,850,530)</u>
	31,907	38,658
Land	<u>3,139</u>	<u>3,139</u>
	<u>\$ 35,046</u>	<u>\$ 41,797</u>

Note 7 - Defined Benefit Pension Plan

In previous years, the Foundation contributed to the Public Employees' Retirement System of the State of California (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public agencies in California. During the years ended June 30, 2023 and 2022, the benefit obligation contribution was made by CSU Bakersfield.

Note 8 - Post-Employment Benefits Other Than Pensions

The Foundation no longer has direct employees that qualify for postretirement health care benefits through CalPERS and instead utilizes services from the University to fulfill its needs. However, these benefits are provided to previous direct employees of the Foundation who retired prior to this operational change. Continued participation in the existing health and dental plans is offered. Once the individual is eligible for Medicare, coverage may be continued in the CalPERS health plan by enrolling in a supplement to Medicare or a Managed Medicare Plan. The following information is based on actuarial studies performed as of June 30, 2023 and 2022:

Net periodic postretirement benefit cost included the following components:

	<u>2023</u>	<u>2022</u>
Service cost	\$ -	\$ -
Interest cost	33,128	31,420
Amortization net gain	<u>(117,667)</u>	<u>(131,166)</u>
Net periodic postretirement benefit cost	<u>\$ (84,539)</u>	<u>\$ (99,746)</u>

The net periodic postretirement benefit cost was determined using the following weighted average assumptions:

	<u>2023</u>	<u>2022</u>
Discount rate	4.50%	4.00%
Expected long-term rate of return	N/A	N/A
Health care cost trend rate:		
Present rate before 65	6.75%	7.00%
Present rate 65 and older	5.00%	5.00%
Ultimate rate before age 65 (year reached)	5.00%	5.00%
Ultimate rate age 65 and older (year reached)	5.00%	5.00%

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 8 - Post-Employment Benefits Other Than Pensions, continued

Accumulated postretirement and projected benefit obligation:

	<u>2023</u>	<u>2022</u>
Retirees	\$ <u>803,395</u>	\$ <u>765,534</u>

Funded status:

	<u>2023</u>	<u>2022</u>
Beginning accrued postretirement benefit obligation	\$ 765,534	\$ 815,216
Actuarial loss	182,996	107,719
Retiree contributions:		
Net periodic postretirement cost	(84,539)	(99,746)
Estimated benefit payments	<u>(60,596)</u>	<u>(57,655)</u>
Ending accrued postretirement benefit obligation	\$ <u>803,395</u>	\$ <u>765,534</u>

The projected accrued postretirement benefit obligation was determined using the following weighted average assumptions:

	<u>2023</u>	<u>2022</u>
Discount rate	4.75%	4.50%
Health care cost trend rate:		
Present rate before 65	6.50%	6.75%
Present rate 65 and older	5.00%	5.00%
Ultimate rate before age 65 (year reached)	5.00%	5.00%
Ultimate rate age 65 and older (year reached)	5.00%	5.00%

The expected net periodic postretirement benefit cost for fiscal year 2023:

Service cost	\$ -
Interest cost	36,544
Amortization of unrecognized net gain	<u>(108,336)</u>
Net periodic postretirement benefit costs	\$ <u>(71,792)</u>

The expected contribution for the next 10 years:

2024	\$ 68,080
2025	60,721
2026	61,779
2027	62,663
2028	63,379
2029-2033	264,784

An actuarial study is completed annually. The schedule presented above is based on the study completed on July 24, 2023, as of and for the year then ended June 30, 2023.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 9 - Net Assets

Net assets without donor restrictions includes operating net asset deficits due to postretirement benefit liabilities.

Net assets with donor restrictions consist of the following:

	<u>2023</u>	<u>2022</u>
Time restrictions:		
General use	\$ -	\$ 5,060
Purpose restrictions:		
Promises to give:		
Academic programs	2,731,271	4,315,036
Scholarships	661,632	1,045,559
Athletic programs	148,729	396,958
Academic programs	13,140,442	10,991,301
Scholarships	1,866,640	1,766,038
Athletic programs	<u>1,615,379</u>	<u>1,711,394</u>
	20,164,093	20,226,286
Endowments:		
Promises to give:		
Academic programs	1,730,451	1,746,939
Athletic programs	201,478	198,522
Scholarships	95,519	191,572
Academic programs	15,248,410	15,111,680
Scholarships	14,852,975	13,145,501
Athletic programs	<u>705,498</u>	<u>626,251</u>
	<u>32,834,331</u>	<u>31,020,465</u>
	<u>\$ 52,998,424</u>	<u>\$ 51,251,811</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

	<u>2023</u>	<u>2022</u>
Satisfaction of time and purpose restrictions:		
Athletic programs	\$ 2,547,460	\$ 6,420,698
Academic programs	1,801,962	728,896
Scholarships	<u>1,426,212</u>	<u>1,611,841</u>
	5,775,634	8,761,435
Satisfaction of time restrictions:		
General use	<u>7,560</u>	<u>5,230</u>
	<u>\$ 5,783,194</u>	<u>\$ 8,766,665</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 10 - Endowments

The Foundation has adopted the guidance on net classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and also requires disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Foundation's endowments consist of funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the donor-restricted endowment fund
- 2) The purposes of the Foundation and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation or deflation
- 5) The expected total return from income and the appreciation of investment assets
- 6) Other resources of the Foundation
- 7) The investment policy statement of the Foundation

Spending policy: The Foundation's spending policy allocates total earnings from the portfolio between current spending and reinvestment for future earnings and has been designed with three objectives in mind: (a) provide current programs with a predictable, stable stream of revenues; (b) ensure that the purchasing power of real value of this revenue stream does not decline over time; and (c) ensure that the purchasing power or real value of the endowment assets does not decline over time. The cost of current operating programs will likely increase over time at least as fast as inflation.

If the endowment is to cover a reasonably constant portion of current operating expenses, endowment spending must increase at least as fast as inflation. The Foundation's policy is designed to preserve both the purchasing power of their endowments and of their endowment withdrawals. Such a policy also ensures that the competing needs of current and future generations of students and faculty are in financial equilibrium. Lastly, the Foundation has adopted an annual spend amount equal to 4.00% based upon the spend formula, in addition to the Foundation's 1.00% investment management fee. The spend formula is computed based on the historical three year rolling-average of the endowment's fiscal year-end market value, one year before the fiscal year in which the spend is available commencing July 1.

Investment policy: The objective is to promote growth in the investment funds sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant-dollar value and purchasing power of the funds for future generations, and to preserve the principal of operating cash and reserves while producing market-level income. The total annualized rate of return objective for the full portfolio shall be, net of all investment asset expenses, 5.00% greater than the rate of inflation, as measured by the Consumer Price Index.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 10 - Endowments, continued

At times, the fair value of assets associated with these endowment funds may fall below the level that the donors require the Foundation to retain as funds of perpetual duration. These deficiencies result from unfavorable market fluctuations.

The endowment net assets composition by type of fund consisted of the following as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 4,327,923	\$ -	\$ 4,327,923
Donor designated funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	-	27,937,405	27,937,405
Accumulated investment gains	-	4,896,926	4,896,926
	<u>\$ 4,327,923</u>	<u>\$ 32,834,331</u>	<u>\$ 37,162,254</u>

The endowment net assets composition by type of fund consisted of the following as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment funds	\$ 4,076,274	\$ -	\$ 4,076,274
Donor designated funds:			
Original donor-restricted gift amount required to be maintained in perpetuity by donor	-	26,975,765	26,975,765
Accumulated investment gains	-	4,044,700	4,044,700
	<u>\$ 4,076,274</u>	<u>\$ 31,020,465</u>	<u>\$ 35,096,739</u>

The changes in endowment net assets for the year ended June 30, 2023, consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 4,076,274	\$ 31,020,465	\$ 35,096,739
Contributions	-	1,056,492	1,056,492
Appropriated expenditures	(142,825)	(1,374,155)	(1,516,980)
Investment return, net	394,474	2,131,529	2,526,003
Endowment net assets, end of year	<u>\$ 4,327,923</u>	<u>\$ 32,834,331</u>	<u>\$ 37,162,254</u>

The changes in endowment net assets for the year ended June 30, 2022, consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 1,546,157	\$ 33,480,391	\$ 35,026,548
Contributions	3,468,956	2,972,918	6,441,874
Appropriated expenditures	(280,701)	(1,447,563)	(1,728,264)
Investment return, net	(658,138)	(3,985,281)	(4,643,419)
Endowment net assets, end of year	<u>\$ 4,076,274</u>	<u>\$ 31,020,465</u>	<u>\$ 35,096,739</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 10 - Endowments, continued

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature exist in four donor designated endowment funds, which together have an original gift value of \$1,070,585, a current fair value of \$1,040,422, and a deficiency of \$30,163 as of June 30, 2023. Deficiencies of this nature exist in eight donor designated endowment funds, which together have an original gift value of \$5,823,835, a current fair value of \$5,653,417, and a deficiency of \$170,418 as of June 30, 2022.

The Foundation has interpreted UPMIFA to permit spending from underwater donor-restricted endowment funds in accordance with prudent measures required under law. The governing board appropriated for expenditure \$27,308 and \$73,090 from underwater endowment funds during the years ended June 30, 2023 and 2022, respectively.

Note 11 - Contributed Nonfinancial Assets

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities include:

	<u>2023</u>	<u>2022</u>
University contract services:		
University employee services:		
Fundraising services	\$ 1,990,405	\$ 1,986,292
General and administrative services	1,085,879	972,419
Rent of University facilities:		
Fundraising services	62,308	64,650
General and administrative services	<u>33,992</u>	<u>31,650</u>
	3,172,584	3,055,011
Other supplies and services:		
Services	46,905	34,899
Food and beverage	33,750	30,318
Supplies	31,312	-
Auction items	5,860	-
Gift cards	1,391	200
Equipment	-	71,314
Artwork	<u>-</u>	<u>4,900</u>
	<u>119,218</u>	<u>141,631</u>
Total contributed nonfinancial assets	<u>\$ 3,291,802</u>	<u>\$ 3,196,642</u>

The Foundation recognized contributed nonfinancial assets within revenue, including University contract services for employee services and facility rental that the University provides to support the operations of the Foundation. Contributed nonfinancial assets also include contributions for services, food and beverage, supplies, auction items, gift cards, equipment, and artwork. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

University contract services include facilities and University employees who provide direct supporting and indirect other services for the Foundation. University employees provide services such as fundraising, accounting, and general and administrative services as appropriate. These services are valued at the estimated fair value in the financial statements based on the estimated employee cost incurred to provide those services. The Foundation uses University facilities to provide space for the University employees who provide direct supporting services on behalf of the Foundation.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 11 - Contributed Nonfinancial Assets, continued

The Foundation paid no rent to the University and has recognized a contributed nonfinancial asset equal to the fair market value of this rent for similar facilities.

Contributed nonfinancial assets identified as other supplies and services contributions were utilized by the Athletics, Academic Support, Student Affairs, and Alumni programs. In valuing food and beverage, the Foundation estimated the fair value on the basis of wholesale values and comparable sales prices. In valuing supplies, auction items, gift cards, equipment, and artwork, the Foundation estimated fair value on the basis of comparable sales prices.

Contributed nonfinancial assets also include contributions related to medic standby services from an ambulance company utilized by the Athletics program and consulting services utilized by the Academic Support program. These services are valued and reported at the estimated fair value based on current rates for similar professional services.

Note 12 - Transactions with Related Parties

The Foundation functions to benefit the University by fundraising and supporting University programs and activities. Payments received from the University are for refunds of capital project funding, reimbursement of costs related to historical fund balances, and transfer of funds when receipts are received by the University on behalf of the Foundation, or an expense is incurred by the Foundation on behalf of the University. The Foundation provides scholarships to students and funding for capital projects, which are recognized as payments to the University. Additionally, the Foundation reimburses the University for various administrative services incurred to carry out the mission of the Foundation.

California State University, Bakersfield Auxiliary for Sponsored Programs Administration (Sponsored Programs Administration) functions to benefit the student body of the University by operating various grant and research programs. Payments received from Sponsored Programs Administration include reimbursement for cost incurred through a historical grant fund that were cleared by Sponsored Programs Administration as well as reimbursement to Foundation for expenses paid on behalf of Sponsored Programs Administration. Payments to Sponsored Programs Administration are for the reimbursement of expenses incurred by Sponsored Programs Administration on behalf of the Foundation.

Associated Students, California State University, Bakersfield, Inc. (Associated Students) functions to benefit the student body of the University by operating various student-led programs. Payments received from Associated Students are for fundraising activities benefiting University programs and activities. Payments to Associated Students include reimbursement for scholarship payments and support for Associated Students programs and services.

California State University, Bakersfield Student-centered Enterprises, Inc. (Student-centered Enterprises) functions to benefit the student body of the University by operating various student enterprise programs. Payments received from Student-centered Enterprises are for fundraising activities benefiting University programs and activities. Payments to Student-centered Enterprises are for the use of Student-centered Enterprises programming facilities and equipment, as well as the general support of Student-centered Enterprises programming activities.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 12 - Transactions with Related Parties, continued

Transfers with related parties for the years ended June 30, 2023 and 2022 are reflected in the accompanying financial statements as follows:

	<u>2023</u>	<u>2022</u>
Transfers from:		
University	\$ <u>209,739</u>	\$ <u>337,174</u>
Transfers to:		
University	\$ 2,021,853	\$ 5,915,235
Associated Students	909	2,664
Student-centered Enterprises	-	1,280
	\$ <u>2,022,762</u>	\$ <u>5,919,179</u>

Total payments to and from related parties, including the transfers in the schedule above, for the years ended June 30, 2023 and 2022 are reflected in the accompanying financial statements as follows:

	<u>2023</u>	<u>2022</u>
Payments from:		
University	\$ 1,286,067	\$ 663,751
Sponsored Programs Administration	374,633	24,818
Associated Students	395	544
Student-centered Enterprises	3,842	576
	\$ <u>1,664,937</u>	\$ <u>689,689</u>
Payments to:		
University	\$ 3,811,153	\$ 6,997,377
Sponsored Programs Administration	905	70,491
Associated Students	404,960	633,928
Student-centered Enterprises	5,676	10,797
	\$ <u>4,222,694</u>	\$ <u>7,712,593</u>

Additionally, for the year ended June 30, 2023, the Foundation recorded \$1,281,538 in transfers from the University and Sponsored Programs Administration as non-operating revenues on the statements of activities. These transfers relate to reimbursement of costs for historical fund balances.

For the years ended June 30, 2023 and 2022, the Foundation also recorded University contract services revenue and expense in the amount of \$3,172,584 and \$3,055,011, respectively, as noted in Note 11.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 12 - Transactions with Related Parties, continued

Amounts reported in the statements of financial position at June 30, 2023 and 2022 as due from and due to related parties include the following:

	<u>2023</u>	<u>2022</u>
Due from related parties:		
University	\$ 159,346	\$ 80,708
Sponsored Programs Administration	357,464	-
Associated Students	80	444
Student-centered Enterprises	-	576
	<u>\$ 516,890</u>	<u>\$ 81,728</u>
Due to related parties:		
University	\$ 135,459	\$ 1,192,554
Associated Students	17,028	-
Student-centered Enterprises	1,230	1,960
	<u>\$ 153,717</u>	<u>\$ 1,194,514</u>

Note 13 - Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balance and the amounts reported on the statements of activities.

Note 14 - Change in Donors' Agreements

The Foundation entered into revised gift agreements with two donors during the year ended June 30, 2022. These agreements updated the terms and conditions of the promises to give and contributions that were previously recognized in prior years. The adjustment of \$206,127 has been recognized as change in donors' agreements in the statement of activities for the year ended June 30, 2022.

Note 15 - Conditional Contributions

Conditional contributions consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Student scholarships	\$ 1,270,000	\$ 1,290,000
Other programs	104,860	160,814
	<u>\$ 1,374,860</u>	<u>\$ 1,450,814</u>

Conditional contributions received for student scholarships are conditional on successful annual review. Conditional contributions received for other programs are conditional on the substantial completion of various program objectives.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

Note 15 - Conditional Contributions, continued

A conditional contribution does not meet the standard for revenue recognition. As such, collectively, the \$1,374,860 and \$1,450,814 conditional portions of contributions have not been recognized in the statements of activities for the years ended June 30, 2023 and 2022, respectively.

As of June 30, 2023 and 2022, \$75,880 and \$80,814, respectively, of conditional contributions have been collected in advance, and are reported as revenue collected in advance on the statements of financial position. The Foundation expects all conditions to be met within the next fiscal year.

The Foundation receives bequests, intentions, and other types of planned gift communications from donors which are conditional due to dependence upon a future event. Neither the timing nor the amount of the promise is clearly determinable. These gifts are not recognized as contributions until they become unconditional promises to give. At present, value cannot be determined.

Note 16 - Contingency

From time to time, the Foundation is subject to various litigation as a result of their activities. Management believes that the outcome of any such litigation will not have a material adverse effect on the Foundation's financial position, changes in net assets, or liquidity.

SUPPLEMENTAL INFORMATION

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Schedule of Net Position

June 30, 2023

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	14,693,436
Short-term investments	-
Accounts receivable, net	520,061
Lease receivable, current portion	-
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	2,795,062
Prepaid expenses and other current assets	2,631
Total current assets	18,011,190

Noncurrent assets:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivable, net of current portion	-
P3 receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	2,774,018
Endowment investments	34,418,065
Other long-term investments	1,542,357
Capital assets, net	117,216
Other assets	861
Total noncurrent assets	38,852,517
Total assets	56,863,707

Deferred outflows of resources:

Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Leases	-
P3	-
Others	-
Total deferred outflows of resources	-

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Schedule of Net Position, continued

June 30, 2023

(for inclusion in the California State University)

Liabilities:

Current liabilities:

Accounts payable	185,266
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	75,880
Lease liabilities, current portion	-
SBITA liabilities - current portion	-
P3 liabilities - current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	163,149

Total current liabilities

424,295

Noncurrent liabilities:

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	-
SBITA liabilities, net of current portion	-
P3 liabilities, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	803,395
Net pension liability	-
Other liabilities	-

Total noncurrent liabilities

803,395

Total liabilities

1,227,690

Deferred inflows of resources:

P3 service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
P3	-
Others	-

Total deferred inflows of resources

-

Net position:

Net investment in capital assets	117,216
Restricted for:	
Nonexpendable – endowments	27,937,405
Expendable:	
Scholarships and fellowships	5,745,040
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	19,302,800
Unrestricted	2,533,556
Total net position	<u><u>55,636,017</u></u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2023

(for inclusion in the California State University)

Revenues:		
Operating revenues:		
Student tuition and fees, gross		-
Scholarship allowances (enter as negative)		-
Grants and contracts, noncapital:		
Federal		-
State		-
Local		-
Nongovernmental		-
Sales and services of educational activities		-
Sales and services of auxiliary enterprises, gross		-
Scholarship allowances (enter as negative)		-
Other operating revenues		4,819,261
Total operating revenues		<u>4,819,261</u>
Expenses:		
Operating expenses:		
Instruction		-
Research		-
Public service		-
Academic support		1,572,199
Student services		2,744,333
Institutional support		4,561,147
Operation and maintenance of plant		-
Student grants and scholarships		1,342,660
Auxiliary enterprise expenses		-
Depreciation and amortization		6,751
Total operating expenses		<u>10,227,090</u>
Operating income (loss)		<u>(5,407,829)</u>
Nonoperating revenues (expenses):		
State appropriations, noncapital		-
Federal financial aid grants, noncapital		-
State financial aid grants, noncapital		-
Local financial aid grants, noncapital		-
Nongovernmental and other financial aid grants, noncapital		-
Other federal nonoperating grants, noncapital		-
Gifts, noncapital		3,521,694
Investment income (loss), net		(1,087)
Endowment income (loss), net		2,526,003
Interest expense		-
Other nonoperating revenues (expenses)		1,281,538
Net nonoperating revenues (expenses)		<u>7,328,148</u>
Income (loss) before other revenues (expenses)		<u>1,920,319</u>
State appropriations, capital		-
Grants and gifts, capital		-
Additions (reductions) to permanent endowments		961,640
Increase (decrease) in net position		<u>2,881,959</u>
Net position:		
Net position at beginning of year, as previously reported		52,754,058
Restatements		-
Net position at beginning of year, as restated		<u>52,754,058</u>
Net position at end of year		<u>55,636,017</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2023

(for inclusion in the California State University)

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	-
All other restricted cash and cash equivalents	-
Noncurrent restricted cash and cash equivalents	14,693,436
Current cash and cash equivalents	-
Total	\$ 14,693,436

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ -	-	-
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	448,984	448,984
U.S. treasury securities	-	174,796	174,796
Municipal bonds	-	-	-
Corporate bonds	-	384,280	384,280
Asset-backed securities	-	-	-
Mortgage-backed securities	-	-	-
Commercial paper	-	-	-
Supranational	-	-	-
Mutual funds	-	5,200,625	5,200,625
Exchange-traded funds	-	13,042,122	13,042,122
Equity securities	-	10,583,953	10,583,953
Alternative investments:			
Private equity (including limited partnerships)	-	1,604,632	1,604,632
Hedge funds	-	3,322,510	3,322,510
Managed futures	-	-	-
Real estate investments (including REITs)	-	1,198,520	1,198,520
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investments	-	-	-
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:	-	-	-
Total other investments	-	-	-
Total investments	-	35,960,422	35,960,422
Less endowment investments (enter as negative number)	-	(34,418,065)	(34,418,065)
Total investments, net of endowments	\$ -	1,542,357	1,542,357

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2023

(for inclusion in the California State University)

2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ -	-	-	-	-
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	448,984	-	448,984	-	-
U.S. treasury securities	174,796	174,796	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	384,280	-	384,280	-	-
Asset-backed securities	-	-	-	-	-
Mortgage-backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Supranational	-	-	-	-	-
Mutual funds	5,200,625	5,200,625	-	-	-
Exchange-traded funds	13,042,122	13,042,122	-	-	-
Equity securities	10,583,953	10,583,953	-	-	-
Alternative investments:	-	-	-	-	-
Private equity (including limited partnerships)	1,604,632	-	-	-	1,604,632
Hedge funds	3,322,510	-	-	-	3,322,510
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	1,198,520	-	-	-	1,198,520
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investments	-	-	-	-	-
Other external investment pools	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:	-	-	-	-	-
Total other investments	-	-	-	-	-
Total investments	\$ 35,960,422	29,001,496	833,264	-	6,125,662

2.3 Investments held by the University under contractual agreements:

Not Applicable

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2022 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2023
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ 3,139	-	-	-	\$ 3,139	-	-	-	\$ 3,139
Works of art and historical treasures	76,170	-	-	-	76,170	-	-	-	76,170
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-	-
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Other intangible assets	15,500	-	-	-	15,500	-	(9,500)	-	6,000
Total Other intangible assets	15,500	-	-	-	15,500	-	(9,500)	-	6,000
Total intangible assets	15,500	-	-	-	15,500	-	(9,500)	-	6,000
Total non-depreciable/non-amortizable capital assets	\$ 94,809	-	-	-	\$ 94,809	-	(9,500)	-	\$ 85,309

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2023

(for inclusion in the California State University)

Depreciable/Amortizable capital assets:									
Buildings and building improvements	12,127	-	-	-	12,127	-	-	-	12,127
Improvements, other than buildings	72,963	-	-	-	72,963	-	-	-	72,963
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	232,323	-	-	-	232,323	-	-	-	232,323
Personal property:									
Equipment	1,571,775	-	-	-	1,571,775	-	-	-	1,571,775
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Exhaustible Art	129,093	-	-	-	129,093	-	-	-	129,093
Total Other intangible assets:	129,093	-	-	-	129,093	-	-	-	129,093
Total intangible assets	129,093	-	-	-	129,093	-	-	-	129,093
Total depreciable/amortizable capital assets	2,018,281	-	-	-	2,018,281	-	-	-	2,018,281
Total capital assets	\$ 2,113,090	-	-	-	\$ 2,113,090	-	(9,500)	-	\$ 2,103,590
Less accumulated depreciation/amortization:									
Buildings and building improvements	(12,127)	-	-	-	(12,127)	-	-	-	(12,127)
Improvements, other than buildings	(48,186)	-	-	-	(48,186)	(3,648)	-	-	(51,834)
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(232,323)	-	-	-	(232,323)	-	-	-	(232,323)
Personal property:									
Equipment	(1,557,894)	-	-	-	(1,557,894)	(3,103)	-	-	(1,560,997)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
Exhaustible Art	(129,093)	-	-	-	(129,093)	-	-	-	(129,093)
Total Other intangible assets:	(129,093)	-	-	-	(129,093)	-	-	-	(129,093)
Total intangible assets	(129,093)	-	-	-	(129,093)	-	-	-	(129,093)
Total accumulated depreciation/amortization	(1,979,623)	-	-	-	(1,979,623)	(6,751)	-	-	(1,986,374)
Total capital assets, net excluding ROU assets	\$ 133,467	-	-	-	\$ 133,467	(6,751)	(9,500)	-	\$ 117,216

Capital Assets, Right of Use

Composition of capital assets - Lease ROU, net:

	Balance June 30, 2022	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
Non-depreciable/Non-amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable lease assets	\$ -	-	-	-	\$ -	-	-	-	\$ -
Depreciable/Amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable lease assets	\$ -	-	-	-	\$ -	-	-	-	\$ -
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - lease ROU, net	\$ -	-	-	-	\$ -	-	-	-	\$ -

See independent auditor's report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2023

(for inclusion in the California State University)

<u>Composition of capital assets - SBITA ROU, net</u>	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
Depreciable/Amortizable SBITA assets:									
Software	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable SBITA assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Software	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - SBITA ROU, net	-	-	-	-	-	-	-	-	-

<u>Composition of capital assets - P3 ROU, net:</u>	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable P3 assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable P3 assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - P3 ROU, net	\$ -	-	-	-	\$ -	-	-	-	-

Total capital assets, net including ROU assets

\$ 117,216

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense - capital assets, excluding ROU assets	\$ 6,751
Amortization expense - Leases ROU	-
Amortization expense - SBITA ROU	-
Amortization expense - P3 ROU	-
Depreciation and Amortization expense - Others	-
Total depreciation and amortization	\$ 6,751

4 Long-term liabilities: Not Applicable

5 Future minimum payments schedule - leases, SBITA, P3: Not Applicable

6 Future minimum payments schedule - Long-term debt obligations: Not Applicable

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD FOUNDATION

Other Information

June 30, 2023

(for inclusion in the California State University)

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	569,507
Payments to University for other than salaries of University personnel	3,241,646
Payments received from University for services, space, and programs	1,286,067
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	-
Accounts payable to University	(135,459)
Other amounts payable to University	-
Accounts receivable from University	159,346
Other amounts receivable from University	-

8 Restatements

Not Applicable

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	327,537	17,773	-	-	-	1,226,889	-	1,572,199
Student services	407,032	115,498	-	99,077	-	2,122,726	-	2,744,333
Institutional support	5,496	261,356	-	-	-	4,294,295	-	4,561,147
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	1,342,660	-	-	1,342,660
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	6,751	6,751
Total operating expenses	\$ 740,065	394,627	-	99,077	1,342,660	7,643,910	6,751	10,227,090

No pension plan reported

N/A

10 Deferred outflows/inflows of resources:

Not Applicable

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	1,281,538
Other nonoperating (expenses)	-
Total other nonoperating revenues (expenses)	\$ 1,281,538

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

To the Audit Committee
California State University, Bakersfield Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California State University, Bakersfield Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered California State University, Bakersfield Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of California State University, Bakersfield Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of California State University, Bakersfield Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether California State University, Bakersfield Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, CONTINUED

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of California State University, Bakersfield Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California State University, Bakersfield Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Aldrich CPAs + Advisors LLP

San Diego, California
September 21, 2023